Right-cum-Public Issue of M/S. M.S. Shoes Limited

1010. SHRI DIPANKAR MUKHERJEE:
SHRI NILOTPAL BASU:

Will the Minister of FINANCE be pleased to state:

(a) whether Allahabad Bank had sanctioned Rs. 20 crore against right-cum-public issue to M/s. M.S. Shoes Limited;

(b) whether the loan was issued for implementing Hotel and yarn projects;

(c) if yes, whether the promoter had any previous experience of either hotel project or yarn project;

(d) whether any primary or additional security coverage was. sought by the bank; and

(e) whether the loan has become sticky, if yes, the reasons therefor?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): (a) yes, Sir.

(b) to (e) In accordance with the practices and usages customary amongst banks and in conformity with provisions of statutes governing public sector banks and financial institutions as also the provisions of Public Financial Institutions (Obligations as to Fidelity and Secrecy) Act, 1983, the information relating to individual constituents of a bank/financial institution (FI) cannot be divulged.

It may, however, be added that the Reserve Bank of India (RBI) had called for explanation from Allahabad Bank also regarding deficiencies/irregularities observed in the sanction and utilisation ofbridge loans to M/s. M.S. Shoes East, Ltd. The reply received from the bank is being processed by RBI and a decision regarding action against the bank, if any, would be taken by RBI thereafter.

Loans written off by banks

1011. DR. MURLI MANOHAR JOSHI:
SHRI TRILOKINATH CHATURVEDI:

Will the Minister FINANCE be pleased to state:

(a) whether Government have seen the newsitem published in the Economic Times' of the 3rd July, 1995 under the caption "Bad debt write-offs: another scam in the making", and if so, what is the amount of bad loans written off by each bank in 1992, 1993 and 1994 and total bad Joans written off during the preceding three years;

(b) whether Government have analysed the reasons for the profits shown by several banks in 1994-95 which were showing losses during the previous three years; if so, what are the date is; and

(c) what is the mechanism for monitoring the write-off of bad loans by banks and what is the number of bank officials held responsible for bad bank loans each year in 1992, 1993 and 1994?

THE MINISTER OF FINANACE (SHRI MANMOHAN SINGH): (a) yes, Sir. The details of the bad debts written off by nationalised banks during the years 1991-92, 1992-93 and 1993-94, as reported by Reserve Bank of India (RBI), are given in the the enclosed statement *(see* below);

(b) RBI have reported that as they have not so far received the full details of the profits/losses made/incurred by banks for the year 1994-95 they have not been able to analyse the reasons for the same.

(c) RBI have specified norms and issued guidelines regarding write-offs and compromise settlements, which have to be observed by banks. The details regarding number of bank officials held responsible for bad loans each year in 1992, 1993 and 1994 are being collected.